



OFFICE OF THE COMMISSIONER OF INSURANCE  
STATE OF LOUISIANA

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June 18, 2003

**HEALTH POLICY MEMORANDUM NUMBER 03-01**

**All Health and Accident Insurers**

**NOTICE REQUIRED FOR CERTAIN CANCELLATIONS, NON-RENEWALS  
AND PREMIUM INCREASES BY HEALTH AND ACCIDENT INSURERS**

**AUTHORITY**

LSA-R.S. 22:215.9.A.(1), LSA-R.S. 22:229, LSA-R.S. 22:621.(1) and  
Regulation 78 § 10107.I.1

**BACKGROUND**

There has been a significant increase in the number of consumer complaints received by this Department regarding lack of proper notice to accident and health insurance policyholders. Louisiana law requires a minimum 45-day advance Notice prior to increasing premium rates by 20% or more and, except for limited reasons, an insurer may not increase the premium rates in the first year of coverage and no more than once every six months thereafter. While insurers are free to use more favorable premium rate provisions in their policies, those provisions must meet the minimum requirements of applicable Louisiana laws and public policy. Further, some previously approved policy forms and certain administrative practices utilized by some insurers do not comply with LSA-R.S. 22:215.9A.(1) and LSA-R.S. 22:229.

**OBLIGATIONS**

LSA-R.S. 2:215.9, which states in pertinent part:

§215.9. Group, family group, blanket, and franchise health and accident insurance; notice required for certain premium increase, cancellation, or non-renewal

A.(1) Notwithstanding the provisions of R.S. 22:636 (A) through (D), every insurer, including any trust subject to the provisions of R.S. 22:2041 et seq., whether domestic or foreign, issuing a policy

of group, family group, blanket, or franchise health and accident insurance under the provisions of this Part to any group composed of one or more members shall notify the policyholder in writing at least forth-five days before any increase of twenty percent or more in the policy rates or at least sixty days before any cancellation or non-renewal of such policy. Such cancellation or non-renewal shall comply with the provisions of LSA-R.S. 22:636(F); and

LSA-R.S. 22:229, which maintains:

**Health and accident insurers; rate increases**

Health and accident insurers shall not increase their premium rates during the initial twelve months of coverage and not more than once in any six-month period following the initial twelve-month period, for any policy, rider, or amendment issued in or for residents of the state, no matter the date of commencement or renewal of the insurance coverage. This Section does not affect increases in the premium amount due to the addition of a newly covered person or a change in age or geographic location of an individual insured or policyholder or an increase in the policy benefit level.

**REGULATORY COMPLIANCE**

Policy forms not in compliance with the above statutory requirements will not be approved. Existing policies, covering Louisiana residents, that are not in compliance with the aforementioned statutory requirements are deemed to be in violation of law and must be modified in accordance with the procedures outlined in Regulation 78. These modifications must be submitted to the Louisiana Department of Insurance for review by January 1, 2004. Further, insurers are prohibited from stating in their premium increase notification that the increase was "approved" by this Department. With the exception of Medicare Supplement policies, this Department neither approves nor disapproves any health insurance premium rates.

By:

A handwritten signature in black ink, appearing to read 'J. Robert Wooley', is written over a horizontal line.

J. ROBERT WOOLEY  
COMMISSIONER OF INSURANCE